

5 dumb car shopping moves

If you're looking to purchase a new vehicle, here are a few things you definitely should not do.

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September 4 2007: 9:18 AM EDT

NEW YORK (CNNMoney.com) -- If the annual model year change-over - and all the sales that go with it - have you in a car shopping mood, don't be lulled into paying more than you have to. The deep discount you think you're getting may be nothing more than an illusion. Car dealers can make you think you're getting a fantastic deal, and buyers tend to hear what they want. Here's some advice on how to really get the best deal.

Don't: Fall in love with a car

Don't get us wrong here, a new car is a big purchase, so it's important that you really do love your car. If you want to buy a microwave oven just because *Consumer Reports* recommends it, go ahead. A car, like a home, should make you happy and that's something only you can judge.



But you wouldn't marry someone after just reading their Facebook profile. You'd at least want to go out a few times, right? So don't decide you've got to have that cute new SUV you just read about in a magazine. Calm down, catch your breath and wait. Wait until you can drive it. Wait until you can drive some competing models and get a sense of whether it's really all that terrific.

And you may want to wait until the price comes down. Dealers often tack on premiums, charging more than full sticker price for brand new models they know will be in high demand from day one. So rushing to be the first one on the block with the hottest new model can cost you thousands of dollars.

And that "first with the hot new thing" thing fades quickly. Then there will just be you and that car. And those car loan payments. Hope you still like it.

Don't: Take that long, long, long, long loan

Super long car loans may seem like a painless way to get a new car with low monthly payments. That's certainly the way the salesman will pitch it to you. But here are two things to remember:

First, the bottom line is that you are just, flat out, paying more money. Whether you're paying it in three years or six years, it's just more money. (And a big part of that "more money" is more interest, so it's not even buying you anything.)

Second, it may be painless now, but it won't be painless if you find yourself trading in that car in a few years. If you haven't paid off a big chunk of your loan by that time, you could end up "upside down" in your current car. That means you owe more money than the car is worth.

The car dealer will be only too happy to help you out with that problem, but that just means adding the money you owe into the loan for that next new car. And guess what? That means another long loan and you're stuck again.

Don't: Negotiate trade-in and purchase at the same time

Buying a car is really a series of transactions. Yet buyers tend to subtract what the dealer is giving them for their trade-in from what they're paying for their new car. Then they say: "Hey, I'm getting a \$42,000 car for \$35,000!"

Actually, those buyers can't take all the blame since that's how the salesman presents it: as if that \$7,000 is a gift, and they're just doing you a favor by taking that old car off your hands.

Remember, they're taking something of real value in exchange for that money. And you have the right to get as much as you can for your old car. Don't allow the dealer to tell you what it's worth.

You also have the right to pay as little as you can for your new car. But there's no way you can negotiate both those things effectively if they're attached because you won't be able to see the numbers clearly.

Negotiate the price of the new car first. Get that number down to something you're comfortable with. Then negotiate your trade in and get that number as high as you can, or if you still feel like it's not enough, take the car elsewhere or sell it yourself.

Don't: Negotiate in person

For some reason, buyers still feel like they need to negotiate the price of a new car in person at the dealership. In the old days, that was the only way to do it. If you called a car dealer on the phone, they wouldn't even discuss pricing.

These days, most dealerships have salespeople, or even entire departments, that specialize in dealing with customers over the phone and by email. The old days of not talking to customers who weren't physically in the store are over because a dealer knows that if he doesn't negotiate a price over the phone, someone else will and he'll just lose the sale.

Negotiating over the phone or via email keeps you in your comfort zone - your home or office - not the dealer's showroom. While you're waiting for an answer on your offer, you're not stuck in an uncomfortable chair with nothing to look at but brochures.

Many dealerships now have Web sites where you can even search the vehicle inventory online and request a quote on a specific vehicle. That way you can be sure the vehicle you're negotiating on really has all the features you want.

When the negotiating's done, ask them to fax you the deal in writing so there will be no surprises when you arrive to get your car.

But we're not recommending you avoid dealerships altogether. Before you get down to numbers, you'll want to test drive the vehicles and get a walkaround from a knowledgeable salesperson. Just be clear when you go in that you'll not be purchasing the vehicle that day. You still have some other research you want to do.

Don't: Take a 'great deal' on the outgoing model year

You may be tempted by a steep discount on an outgoing 2007 model year car, but be careful. Remember that the car will ultimately be worth less at trade in time than a 2008 model year car.

That will be much less of an issue if the 2008 model year version is unchanged from 2007. If the 2008 version is all new or substantially changed, though, watch out. Your car will be seen as "old" the minute the new version hits the roads and will take a steep drop in value.

In that situation, only a huge discount will make up the loss. Or, if you just like the old version better, the extra cost may be worth it to you. As long you're aware of what you're getting into. ■